

**STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE SERVICES**

Before the Commissioner of the Office of Financial and Insurance Services

In the matter of:

**Karen Schultz
3200 Coolidge Highway, Suite A
Berkley, Michigan 48072,**

Enforcement Case No. 05-3568

Respondent.

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**Issued and entered,
this 5th day of October, 2005,
by Linda A. Watters,
Commissioner**

CONSENT ORDER

**I.
BACKGROUND**

MyHometown Mortgage, LLC (“MyHometown”), is a Michigan domiciled limited liability company, organized under the laws of the State of Michigan, that has made application for licensure as a mortgage broker under the Mortgage Brokers, Lenders, and Servicers Licensing Act (“MBLSLA”), Act No. 173 of 1987, as amended, MCL 445.1651 *et seq.* Karen Schultz (“Respondent”) is the President and sole member of MyHometown. Respondent is not presently licensed by the Office of Financial and Insurance Services (“OFIS”) pursuant to the MBLSLA or any other consumer finance statute regulated by OFIS. In reviewing MyHometown’s application, OFIS staff determined that Respondent was already conducting mortgage-related activities, which require

licensure as a mortgage broker under the MBLSLA. Respondent and OFIS staff have conferred and have agreed to resolve this matter according to the terms set forth below.

II. FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. In September 2002, Respondent entered into an unwritten independent contractor arrangement with licensee, Montreuil Funding Group, Inc., d/b/a Huron Valley Funding Group, Inc., license no. FL-2339. Respondent asserts that this arrangement continued until April 2005. During this period, Respondent received IRS Form 1099 income from Montreuil Funding Group Inc. as an independent contractor.

2. Respondent's 1099 independent contractor compensation for year-end 2003 was \$58,665.35. Respondent's 1099 independent contractor compensation for 2004 was \$47,019.81.

3. Section 2(1) of the MBLSLA, MCL 445.1652(1), prohibits a person from acting as a mortgage broker, mortgage lender, or mortgage servicer without first obtaining a license or registration.

4. Section 2(3) of the MBLSLA, MCL 445.1652(3), prohibits a residential mortgage loan originator (also known as a loan officer) from receiving directly or indirectly any compensation, commission, fee, points or other remuneration from a mortgage broker, mortgage lender, or mortgage servicer other than his/her employer.

5. Respondent conducted first lien mortgage business without the requisite license or registration certificate required under Section 2(1) of the MBLSLA.

**III.
ORDER**

It is ORDERED that:

1. Respondent shall cease and desist violating sections 2(1) and 2(3) of the MBLSLA.
2. Respondent shall pay to OFIS an applicable civil penalty of \$1,000.00.
3. Respondent, as President and sole member of MyHometown, shall establish and maintain a program to monitor and ensure compliance with all state and federal consumer laws and regulations relating to all residential mortgage activity conducted by Respondent or MyHometown.
4. Respondent, as President and sole member of MyHometown, shall educate herself and all employees of MyHometown with respect to all state and federal consumer laws and regulations, including the Mortgage Brokers, Lenders, and Servicers Licensing Act.
5. Respondent, as President and sole member of MyHometown, shall review and ensure that MyHometown complies with the OFIS Consumer Finance Bulletin No. 2003-09-CF, posted on the OFIS website, which clarifies OFIS' position on employees and branch offices in Michigan.
6. Respondent, as President and sole member of MyHometown, shall immediately designate a compliance officer for MyHometown, and provide written notification to OFIS of the compliance officer's name and business address, to ensure that MyHometown is in compliance with all applicable state and federal laws. Respondent's written notice designating a compliance officer shall accompany Respondent's payment of a civil fine as provided for in Paragraph 2 of this Order. Respondent, as President and sole member of MyHometown, shall notify the Office of Financial and Insurance Services of any change in designation of the compliance officer within 30 days of such re-designation.

The Commissioner retains jurisdiction over the matters contained herein and has the authority to issue such further order(s) as she shall deem just, necessary and appropriate in accordance with the provisions of the MBLSLA. Failure by Respondent to abide by the terms and provisions of this Order may result in the commencement of additional proceedings.

A handwritten signature in black ink, reading "Linda A. Watters", followed by a horizontal line.

Linda A. Watters,
Commissioner